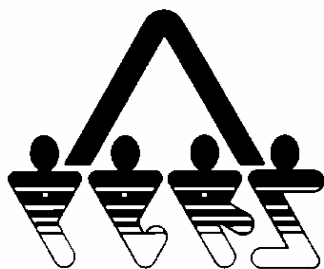


**PLEASE NOTE:**

The article **2006 Pre-Retirement Education Program (PREP) Schedule** on the following page provided an incorrect location for the fall PREP. The correct location is as follows:

Fargo in October

Additional information regarding this PREP will be provided later this year. We apologize for any confusion this may have caused.



# PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

Editor: Rebecca Fricke

January 2006  
Volume 14, Issue 1

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NDPERS  
Telephone (701) 328-3900  
[www.nd.gov/ndpers](http://www.nd.gov/ndpers)

## Events & Mailings

### NDPERS Board Election

Joan Ehrhardt was elected as the active member representative to the NDPERS Board. She will be completing the term vacated by David Gunkel. The term will begin February 1, 2006 and end June 30, 2009. Joan is employed by the Department of Human Services as a registered nurse with the ND Medicaid program. The following is a recap of the election results:

#### Number of Votes

Joan Ehrhardt	608
Mike Sandal	485
Ardy Pfaff	454
Rick Larson	149
Invalid Ballots	89
Write-In Ballots	5
Received after Deadline	0

**Total 1,790**

### 2005 Comprehensive Annual Financial Report

NDPERS prepares a [Comprehensive Annual Financial Report](#) as of June 30 of each year. This [report](#) contains detailed financial, investment, actuarial and statistical information for the plans administered by NDPERS. You can view, download or print the [report](#) from the NDPERS website. You may also request a printed copy of the report by sending an email to [khumann@state.nd.us](mailto:khumann@state.nd.us) or by calling the NDPERS office. If you have any questions on the report, contact Sharon Schiermeister.

### 2006 Pre-Retirement Education Program (PREP) Schedule

NDPERS has scheduled the following PREPs for 2006:

Dickinson in May  
Bismarck in October

Additional information will be sent via email and this newsletter as it becomes available. We will also post information on our website as the scheduled dates get closer.

If you are interested in sponsoring your own **Pre-Retirement Education Program**, you must complete the [Meeting Request and Registration Form SFN 53176](#). You will also find the facilitator's handbook on the website. This handbook provides you with the details involved in sponsoring a PREP.

To secure a date, you must complete the [Meeting Request and Registration Form SFN 53176](#) and send it to NDPERS at PO Box 1657 Bismarck ND 58502-1657 or you may fax it to (701) 328-3920. A minimum 90 day lead-time is required. NDPERS only conducts one employer-sponsored seminar per month.

## Important Updates

### Update on Kits

The kits are in the process of being updated with the 2006 rates and the Medicare Part D coverage information. The updated versions are scheduled to be on the NDPERS website by February 1, 2006.

As stated in the previous newsletter, we will only accept the forms in the [New Hire Kit SFN 54360](#). If you have loose forms in your possession please discard them and use only the [New Hire Kit SFN 54360](#).

## **New Year's Resolution – Remove Ineligible Dependents**

Here's a New Year's Resolution I bet your employee's haven't thought of. Employees whose children no longer meet the eligibility guidelines as a dependent for coverage on their health, life, dental, or vision insurance plans must be removed. The most common oversight occurs with the life insurance plan. Once the member realizes they are still paying premiums, they assume NDPERS will refund their overpayment which may or may not be reimbursable. This is also true of the health, dental and vision insurance.

NDPERS does notify a health insurance contract holder when their dependent(s) is reaching age 23 or 26. But in the event the dependent is:

- no longer financially dependent
- loses full-time student status
- gets married
- becomes eligible for health insurance through another employer group

It is the responsibility of the employee to notify the carrier by completing an application requesting to remove the dependent from coverage.

## **Update Your Contact Information**

Please update your contact information for the **dental plan** as follows:

Ruth Bahnemann  
ING Employee Benefits  
Phone: (612) 342-7050  
Email:  
[Ruth.Bahnemann@us.ing.com](mailto:Ruth.Bahnemann@us.ing.com)

Please update your contact information for the **vision plan** as follows:

Richard Graves  
Ameritas Life Insurance Group  
475 Fallbrook Blvd  
Lincoln, NE 68521-9033  
Phone: 800-659-2223 Ext. 82052  
Email: [rgraves@ameritas.com](mailto:rgraves@ameritas.com)

## **Employee PEP Connection**

Would you say “no” to a larger account balance? WHO DOESN'T WANT MORE MONEY?

Employees have the opportunity to increase their NDPERS member account balance and save additional

dollars for their retirement in the process. Are you advising your employees of this “timely” opportunity?

Employees receive the greatest benefit by enrolling at the time they begin employment. The **PEP** contribution begins with the member's enrollment in an employer's approved deferred compensation plan. **PEP** allows employees to vest in the employer's contribution to the PERS defined benefit hybrid retirement plan pool of funds and have these dollars added to their PERS member account balance.

NDPERS has designed the PERS Deferred Compensation Plan to make the **PEP** connection as convenient as possible for employees by providing an **EXPEDITED** enrollment form. The **Expedited 457 Deferred Compensation Plan and Portability Enhancement Provision (PEP) Enrollment** form does not require employees to make a decision about the amount of the contribution, selecting a provider company or selecting the investment allocation for contributions.

**PEP** provides access to more of the employee's public employee retirement dollars and promotes the ability for employees to supplement their retirement savings. While earning **PEP** contributions, the participant is decreasing their taxable income.

The employee may waive their rights to PEP contributions using this form.

**The form must be returned with the employee's completed Defined Benefit Retirement Membership Application SFN 2561. Both forms are found within the New Hire Kit SFN 54360.**

## **Benefits & Return to Work**

To be eligible for (1.) refund/rollover, (2.) retirement, or (3.) disability benefits, a member must terminate employment or terminate membership. “Termination of employment” means a severance of employment by not being on the payroll of a covered employer for a minimum of one month (31 days). Approved leave of absence does not constitute termination of employment. “Termination of participation” means termination of eligibility to participate in the retirement plan.

## **1. Refunds/Rollovers**

If a member applies for a refund/rollover distribution of his/her member account balance and becomes re-employed with a participating employer before 31 days have passed, no refund/direct rollover will be issued and his/her retirement account will pick up where it left off with his/her previous employment.

If a member is transferring to another job where he/she will be covered by NDPERS or another state sponsored retirement plan, he/she is not eligible to apply for a refund/rollover distribution.

## **2. Retirement**

- a) If a member returns to permanent employment with a NDPERS participating employer, the hours of employment must be restricted if the member wishes to continue receiving his/her pension payment **unless** the member qualifies under item (b) below. The member's employment must be limited to less than 20 hours per week if employed 20 weeks or more months per year. A member may work more than 20 hours per week if employed less than 20 weeks per year.

If a member is employed for 20 or more hours a week for 20 or more weeks per year then his/her retirement benefit will be suspended. Upon termination of employment, the member may resume retirement benefit.

- b) If a member is eligible for normal retirement (Rule of 85 or age 65) and accepts a retirement benefit and is reemployed with a NDPERS participating employer other than the employer with which he/she was employed at the time of retirement, the member may elect to permanently waive future participation in the Defined Benefit/Defined Contribution plan and the Retiree Health Insurance Credit program.

Under N.D.C.C. 54-52-01(8), a "Governmental unit" means the state of North Dakota, except the highway patrol for members of the retirement plan created under chapter 39-03.1, or a participating political subdivision thereof. Therefore, North Dakota state agencies are considered one employer group and any member

retiring with one state agency and becoming reemployed with another state agency **would not be eligible** for this return to work provision.

The following retired members may be eligible for this provision:

Past Employer	New Employer
State	Political Subdivision
Political Subdivision	State
Political Subdivision	Political Subdivision

**RULES, POLICIES, AND RESTRICTIONS FOR 2b MAY BE ACCESSED THROUGH YOUR “EMPLOYER GUIDE”.**

### 3. Disability

If a member returns to work in a permanent full-time position and is eligible to participate in NDPERS, his/her disability benefits must be suspended. If the member is not able to continue employment for a consecutive period of time resulting in nine (9) months of service credit as a result of the disability and continue to meet the eligibility requirements under the plan, he/she may resume disability.

If a member returns to substantial gainful activity in employment not covered under NDPERS, he/she disability benefit may continue for up to nine (9) consecutive months. If a member is not able to continue employment for at least nine (9) months as a result of the disability and continues to meet the eligibility requirements under the plan, he/she may continue disability status.

### **USERRA Update & Poster Available**

On December 19, 2005, the Department of Labor (DOL) released final regulations for the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) clarifying the obligation of employers and the rights of employees called to active duty. These final rules must be complied with starting January 18, 2006.

The DOL also provided an updated USERRA Rights poster. Employers must post the revised model poster where other employer notices are customarily placed no later than January 18, 2006. This poster can be downloaded from the DOL website at [http://www.dol.gov/vets/programs/user/ra/USERRA\\_Private.pdf#Non-Federal](http://www.dol.gov/vets/programs/user/ra/USERRA_Private.pdf#Non-Federal).

**Information** regarding NDPERS benefits for reservists continues to be posted on the NDPERS website.

In addition, NDPERS has verified that for individuals that exercise their USERRA right to report back to work from one to ninety days following their active service, the time period that they take to return (within the 90 days) must be treated as continuous service with the employer for purposes of determining participation, vesting and accrual of pension benefits under the plan. If you have any questions on this, please contact Rebecca at (701) 328-3911.

### **Reminder on Mandatory Participation Requirements for NDPERS DB Retirement Plan**

Occasionally NDPERS receives calls from employers asking for clarification about the Mandatory Participation Requirements for employees in the NDPERS Defined Benefit Retirement Plan. As a reminder, the following are the mandatory participation requirements:

#### Mandatory Participation Requirements

If you work a minimum of 20 hours per week for 20 weeks of the year, are at least eighteen years of age, filling a permanent position that is regularly funded and not of limited duration, and are not a non-classified state employee, you must participate in the defined benefit plan unless you waived participation in writing when your employer joined NDPERS.

If you meet the above requirements and are a non-classified state employee, you must elect to participate in either the defined benefit plan or the defined contribution plan.

You should be enrolled the first month of eligible employment, even when hired subject to a probationary period. There is no maximum age limit applicable for enrollment purposes.

#### Participation Requirements for State Elected and Appointed Officials

State officials elected on or after December 31, 1999, who meet the mandatory participation requirements may enroll or waive participation in the defined benefit plan within the first 6 months of their term. If the state official elects to join NDPERS they must be a participating member of the defined benefit plan unless an election is made within six months to join the defined contribution plan.

State appointed officials initially appointed on or after July 1, 1979 must be participating members of the defined benefit plan. The state appointed official must be a participating member of the defined benefit plan unless an election is made within six months to join the defined contribution plan.

#### Participation Requirements for Other [Non-State] Elected Officials

Elected officials of participating counties, at their individual option, may enroll or waive participation in the defined benefit plan within the first 6 months of their term. All other elected officials who meet the above mandatory participation requirements must be enrolled in defined benefit plan within the first 6 months of their term.

#### Participation Requirements for Other [Non-State] Appointed Officials

Officials of all other participating employers appointed on or after August 1, 1999, who meet the above mandatory participation requirements must be enrolled in the defined benefit plan effective with the first month of taking office.

Please be sure to periodically review your employee listing to make sure that they still meet these mandatory participation requirements.

Also, if you have newly elected, re-elected or appointed officials at your agency who have started a new term, please make sure you carefully review the above provisions to determine if participation is required or optional and review the requirements with these officials.

#### **Part-time/Temporary Employees & Benefits Available**

At this time, we want to provide a reminder about the ability for those who do not meet the mandatory requirements to participate in a few of the same NDPERS benefit plans that are offered to your permanent employees.

#### Defined Benefit Plan:

If an employee is at least eighteen years old, and is not covered under the mandatory participation requirements, he/she may elect to participate in the NDPERS Defined Benefit Plan within the first 180 days of employment, or within 180 days of changing to part-time or temporary employment. The employee is required to contribute the entire 9.12%

of salary to the plan. The law expressly prohibits the employer from paying any portion of an optional participant's contribution. A member may not participate as both a permanent and a part-time/temporary member. Permanent employment takes precedence.

#### Group Health Insurance:

Part-time/Temporary employees are eligible to participate in the NDPERS Group Health Insurance Plan at their own expense. Enrollment must occur within 31 days of employment as a part-time/temporary employee. Otherwise, they can apply during the annual open enrollment; however, pre-existing condition waiting periods may apply.

#### Group Life Insurance:

A part-time/temporary employee can also elect to participate at their own expense in the NDPERS Group Life Insurance Plan. However, all requests for coverage must be medically underwritten. Application must occur within 31 days of employment as a part-time/temporary employee. Otherwise, they can apply during the annual enrollment. The effective date of coverage is the first of the month following the date of approval for the coverage requested.

As the employer, please make sure that you review these benefit options with any employee that is newly hired or who has recently changed to part-time/ temporary employment. If you have questions, please contact the NDPERS office.

#### **Reminder on Wages & Salary Reporting to NDPERS**

NDPERS is often asked what should be reported as wages & salaries for retirement contribution purposes. As a reminder, wages and salaries means earnings in eligible employment which were reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferrals amounts under an IRC Section 125, 401(k), 403(b), 414(h), or 457 Plan.

Salary does not include fringe benefits such as payments for overtime, unused sick leave, personal leave, vacation leave paid in a lump sum, transportation expenses, severance pay, early retirement incentive pay, medical insurance, worker's compensation benefits, disability insurance premiums or benefits, or

salary received by a member in lieu of a previously employer-provided fringe benefit under an agreement between the member and the participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the NDPERS board.

Bonuses for services performed and profit-sharing are considered reportable salary and retirement contributions must be made on that money. Recruitment and retention bonuses are not eligible for consideration as salary and no contributions associated with those types of bonuses should be submitted.

Bonuses or profit-sharing amounts paid must be prorated equally over the term of the intended bonus or profit-sharing period. When remitting retirement contributions on bonuses and profit-sharing amounts, complete the [Notice of Irregular Salary or No Deposit SFN 53707](#).

If you have questions about what should be reported as salary to NDPERS, please contact Raleigh Moore at (701) 328-3914 or Rebecca Fricke at (701) 328-3911.

#### **Retirement Contributions Required for Employees Transferring Between Participating Employers**

As a reminder, if you have an employee who is transferring into or out of your agency during the month, it is required that you make a contribution for the partial month. Therefore, NDPERS will receive contributions from both employers during the month that the transfer occurs.

#### **Revised Materials**

This section features a listing of revised forms and/or publications by program for your reference.

#### **Deferred Compensation:**

- [Expedited 457 Deferred Compensation Plan & Portability Enhancement Provision \(PEP\) Enrollment SFN 54362](#)
- [Rollover/Transfer Form SFN 50177](#)

#### **Defined Benefit:**

- [Retirement Plan Membership Waiver SFN 54286](#)
- [Notice of Status or Employment Change SFN 53611](#)

#### **Group Insurance:**

- [Retiree Group Health Insurance Application SFN 16277](#)
- [Authorization for Automatic Premium Deduction SFN 50134](#)
- [Continuation of Group Dental Coverage SFN 53535](#)
- [Dependent Continuation of Group Dental Coverage \(COBRA\) SFN 53884](#)
- [Continuation of Group Health Insurance Coverage \(COBRA\) SFN 14120](#)
- [Dependent Continuation of Health Coverage \(COBRA\) SFN 53883](#)
- [Continuation of Group Vision Coverage \(COBRA\) SFN 53536](#)
- [Dependent Continuation of Group Vision Coverage \(COBRA\) SFN 53885](#)
- [Life Insurance Designation of Beneficiary Change SFN 53855](#)

#### **Board Meeting Highlights**

Complete [meeting minutes](#) are available.

#### **September 15, 2005**

- Approved procedures for the administration of the return to work provisions for NDPERS retirees.
- Received a status update regarding two 457 plan providers who were not in compliance with the provider agreement.
- Approved proposed amendments to the administrative rules.
- Approved the special board election schedule.

#### **October 20, 2005**

- Were presented with an overview of issues and trends at the national & state level regarding retirement and health employee benefits.
- Were provided with an overview of the actuarial reports for the NDPERS retirement plans.
- Approved the use of wellness benefit funds to reimburse services incurred by a health promotion consultant.
- Were provided with an update regarding the upcoming change in pharmacy networks from Rx Dakota Network to Prime Therapeutics National Network.
- Approved a revised special board election schedule.

#### **October 26, 2005**

- Reviewed information and goals for the group health insurance

- plan, retirement programs, and the retiree health credit program.
- Determined areas that they would like to see further study on each plan.
- Reviewed various administrative issues relevant to the programs administered by NDPERS.

#### November 22, 2005

- Reviewed a survey of 128 retirement systems comparing their application periods for disability benefits.
- Discussed issues regarding the participation of part-time/temporary employees in the retirement plan and various administrative issues that occur.
- Discussed the participation of district health units in NDPERS plans.
- Received an update on the implementation of the Medicare Rx program and approved rate options.
- Received an update regarding the Rx network.

*Look forward to receiving via email your next edition of the PERSONnel Updates @ April 15, 2006.*

*This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.*

